

October 7, 2005

**DWD ISSUANCE 04-05**

**Subject:** Local Activity Funds Policy for Utilizing up to 10 percent of Formula Funds through the Workforce Investment Act (WIA) for Additional Statewide Activities.

**1. Purpose:** The State of Missouri recently submitted its new 2-year WIA/Wagner-Peyser plan to the U.S. Department of Labor (DOL). Included in the plan was a request to waive the provisions of WIA Section 129 (Use of Funds for Youth Activities) and Section 134 (Use of Funds for Employment and Training Activities), as well as the provisions in 20 CFR 663.145 (use of Adult and Dislocated Worker formula funds). DOL approved this waiver when the state plan was officially approved on June 30, 2005.

The purpose of this issuance is to provide policy on utilizing the provisions of this new waiver for statewide activities. Local regions will now be able to take 10 percent of their annual Adult, Dislocated Worker, and/or Youth formula funds and develop activities that meet the guidelines for eligibility under statewide activities.

**2. Background:** Local regions have been requesting additional flexibility in the use of WIA formula funds to meet demands of local workforce employers, incumbent workers, job seekers, and youth. This new policy can help assist customers that do not fit statutorily defined populations under WIA, and also allow local regions to increase their services and become more responsive and innovative to meet existing and new customers' needs. This waiver will expire on June 30, 2007.

**3. Substance:** Each local Workforce Investment Board (WIB) receives allocated WIA formula funds for services to Adult, Dislocated Worker and/or Youth for their region. This waiver allows regions to utilize up to 10 percent of each of these programs' funds, however, the funds cannot be combined to serve only one of these groups. Program funds must remain designated to the original program (i.e., Adult funds will be used to serve adults only,

Dislocated Worker funds serve only dislocated workers, and Youth funds serve only youth). Also, the original negotiated performance measures for that program year continue to apply to these funds, as well as additional benchmarks for the proposal.

The WIB should analyze the changing economic conditions in their region and the demands of the employers, in order to identify a need for additional flexibility. If such a demand exists, the WIB can submit an application to DWD with the following information:

- 1) Program(s) to be affected, as well as the percent and dollar amount of the region's annual formula funds to be designated as Local Activity Funds to be used consistent with the activities allowable under Statewide Activity funding. (Allowable and non-allowable activities are identified below.)
- 2) Project description, including services and activities to be delivered.
- 3) Assurance from the WIB that all WIA-mandated services will be provided within the project.
- 4) An accountability plan that includes the proposed expenditure and performance (i.e., increased wages, skill attainment, etc.) benchmarks that will be achieved from this project.

The application form to be used is included as an attachment to this issuance.

Allowable project activities include:

- 1) Innovative incumbent worker training programs, including an employer loan program (WIA Section 134 (a)(3)(A)(iv)(I));
- 2) Innovative programs for displaced homemakers (WIA Section 134 (a)(3)(A)(vi)(I));
- 3) Programs to increase the number of individuals trained for and placed in non-traditional employment (WIA Section 134 (a)(3)(A)(vi)(II));
- 4) Carrying out activities for youth (WIA Section 129 (b)(3));

- 5) Development of exemplary program activities (WIA Section 134 (a)(3)(A)(ii));
- 6) Conduct research and demonstrations for a variety of populations including youth, adult, and dislocated workers (WIA Section 134 (a)(3)(A)(iii));
- 7) Rapid Response activities which connect to and support state Rapid Response activities (WIA Section 134 (a)(2)(A));
- 8) Programs targeted to Empowerment Zones and Enterprise Communities (WIA Section 134 (a)(3)(A)(iv)(II));
- 9) Aversion of layoff activities (20 CFR 665.320 (d)(1)); and
- 10) Other such Adult, Dislocated Worker and Youth activities as determined by the local areas via request to the state for approval, except for the activities excluded below (WIA Section 134 (a)(3)(A)(vii)).

Activities not allowed include:

- 1) The provisions of WIA Section 134 (a)(2)(B)(i) to (iv) pertaining to disseminating the statewide eligible training provider list, conducting evaluations for the purposes of state workforce activities, providing state incentive grants, and providing technical assistance for local areas that fail to meet performance standards;
- 2) Assisting in the establishment and operation of One-Stop delivery systems (WIA Section 134 (a)(2)(B)(v)); and
- 3) Operating a fiscal and management accountability information system under WIA Section 136 (f) (WIA Section 134 (a)(2)(B)(vi)).

Once received, DWD will evaluate the WIB's application in conjunction with a review of current performance and expenditure levels. The application process approval will be completed within 30 days. Once approved, contract amendments would be initiated to reflect the additional performance expectations.

WIBs must also keep the following requirements in mind when designing their project:

- WIBs must operate under the current 10 percent limit on local administrative costs. No separate amount shall be set aside for administration of this project.
- The 30 percent requirement for all youth funds to be used to serve the out-of-school youth will continue to apply to the region's total youth formula allocation.
- All youth eligibility criteria apply to all youth served.
- WIBs are allowed to redesignate up to 10 percent from each funding stream as local activity funds. If a region has already transferred funds between the Adult and Dislocated Worker programs for that year, the 10 percent will be applied to the current amount in each of these funding streams after the transfer.
- Since the waiver expires on June 30, 2007, WIBs must redesignate up to 10 percent from each funding stream prior to this expiration date. WIBs that redesignate these funds prior to June 30, 2007, will continue to have authority to expend these dollars for the life of these funds and for agreed-upon performance outcomes.

4. **Action:** This information should be distributed to appropriate staff.

5. **Contact:** If you have questions, contact Clinton Flowers at (573) 526-8261 or Rita Holtmeyer at (573) 751-5219.

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Roderick Nunn, Director

Attachment

c: WIB Chairs  
WIB Directors  
DWD Admin Group  
DWD Central Office Managers  
DWD Regional Managers

**LOCAL ACTIVITY FUNDS  
APPLICATION FOR REQUESTING 10% FORMULA FUNDS FOR ADDITIONAL  
STATEWIDE ACTIVITIES  
(AS REQUIRED BY DWD ISSUANCE 04-05)**

- 1) Please describe the program(s) to be affected, as well as the percent and dollar amount of the region's annual formula funds to be designated as Local Activity Funds, to be used consistent with the activities allowable under Statewide Activity funding. \*Refer to Issuance 04-05 for allowable and non-allowable activities.
  
- 2) Describe the project, to include the services and activities to be delivered.
  
- 3) Provide an accountability plan that includes the proposed expenditure and performance (i.e., increased wages, skill attainment, etc.) benchmarks that will be achieved from this project.
  
- 4) Please complete the assurance statement below.

We, the undersigned, affirm that this application is in compliance with all sections of the Workforce Investment Act and that all WIA-mandated services will be provided within this project and that all expenditures of federal funds authorized by the Act will be in compliance with this application and with the Act and regulations.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Chief Elected Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Representative of WIA Grant Recipient

\_\_\_\_\_  
Date